

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6480**

**BILL NUMBER:** SB 139

**NOTE PREPARED:** Dec 16, 2011

**BILL AMENDED:**

**SUBJECT:** Public Contract for Services.

**FIRST AUTHOR:** Sen. Kenley

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**     **GENERAL  
DEDICATED  
FEDERAL**

**IMPACT:** No Fiscal Impact

**Summary of Legislation:** This bill requires that a public contract for services between a state agency or political subdivision and a contractor must contain certain requirements concerning the use of the federal electronic employment eligibility verification system (E-Verify) and knowing employment of unauthorized aliens only if one of the following applies:

(1) The estimated amount to be paid in a calendar year to the contractor under the contract is more than \$50,000.

(2) The estimated amount to be paid in a calendar year to the contractor under the contract is \$50,000 or less, but the contract in combination with other public contracts for services entered into by the contractor with the same state agency or political subdivision results in an estimated total payment in a calendar year by the state agency or political subdivision to the contractor of more than \$50,000.

(Current law requires that all public contracts for services between a state agency or political subdivision and a contractor contain certain requirements concerning the use of E-Verify and knowing employment of unauthorized aliens.)

**Effective Date:** July 1, 2012.

**Explanation of State Expenditures:** *Summary:* This bill is expected to have no fiscal impact.

**Additional Information:**

The bill states that for public contracts entered into or renewed after July 1, 2012, for an amount that is greater than \$50,000, contractors are liable to the contract-issuing state agency or political subdivision for any damages that may result from a contract cancellation due to the illegal employment of unauthorized aliens. Currently, all public contracts, regardless of contract amount, are required to contain provisions requiring the contractor to enroll in and verify the work eligibility status of all newly hired employees using the E-Verify system. This bill will reduce the number of contractors who are required to utilize the E-Verify system as a condition of their contracting with state and political subdivisions.

The E-Verify program is a free, Internet-based system that allows employers and state agencies to verify the legal working status of new hires in seconds.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** All.

**Local Agencies Affected:** All.

**Information Sources:**

**Fiscal Analyst:** Bill Brumbach, 232-9559.